Distr.
GENERAL

IDB.15/15
22 May 1996

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board
Fifteenth session
Vienna, 6-10 May 1996
Agenda item 5

REPORT OF THE PROGRAMME AND BUDGET COMMITTEE ON THE WORK OF ITS THIRD ADDITIONAL SESSION

(6-8 May 1996)

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Introduction

1. The Programme and Budget Committee held its third additional session at UNIDO Headquarters, Vienna International Centre, from 6 to 8 May 1996.

2. The session was convened by the Director-General in accordance with General Conference decision GC.6/Dec.11, paragraph (j).

3. The third additional session was opened by Mr. A. Schepisi (Italy), Vice-Chairman of the eleventh session. In accordance with rule 19 of the rules of procedure of the Programme and Budget Committee, the following officers were elected by acclamation to take the place of officers who were representatives of States that were no longer members of the Committee: Mr. A. Celso de Ouro-Preto (Brazil) as Chairman, Mr. M. W. Abouzeid (Egypt) and Mrs. D. Rozgonova (Slovakia) as Vice-Chairmen.

4. Of the 27 members of the Committee, 25 participated in the session: Austria, Belgium, Brazil, Denmark, Ecuador, Egypt, France, Germany, India, Italy, Japan, Kuwait, Libyan Arab Jamahiriya, Mali, Mexico, Nigeria, Republic of Korea, Romania, Russian Federation, Saudi Arabia, Slovakia, Switzerland, Thailand, United Kingdom of Great Britain and Northern Ireland, and Uruguay.

5. The following 74 Members of UNIDO also attended the session: Albania, Algeria, Angola, Argentina, Armenia, Australia, Azerbaijan, Belarus, Bolivia, Bosnia and Herzegovina, Bulgaria, Cape Verde, Chile, China, Colombia, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Cyprus, Czech Republic, Democratic People's Republic of Korea, Ethiopia, Finland, Ghana, Greece, Guatemala, Hungary, Indonesia, Iran (Islamic Republic of), Iraq, Ireland, Israel, Jordan, Kenya, Kyrgyzstan, Lebanon, Lesotho, Liberia, Luxembourg, Malaysia, Malta, Morocco, Namibia, Netherlands, Nicaragua, Norway, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Republic of Moldova, Sierra Leone, Slovenia, Spain, Sri Lanka, Sudan, Swaziland, Sweden, Tunisia, Turkey, Uganda, Ukraine, United Arab Emirates, United States of America, Uzbekistan, Venezuela, Viet Nam, and Zambia.

6. The United Nations Development Programme, the United Nations Office at Vienna, the United Nations Educational, Scientific and Cultural Organization, the World Health Organization, and the League of Arab States were represented.

7. The Holy See participated as observer.

8. The permanent observer of Palestine also participated.

9. The agenda for the third additional session as adopted by the Committee is contained in document PBC.[illegible]S.3/1. Following the adoption of the agenda, the Director-General made an introductory statement, of which the relevant parts were considered by the Committee under each item of the agenda.

10. The report of the Programme and Budget Committee is submitted to the Industrial Development Board in accordance with Article 10.4 (d) of the Constitution.

11. The report contains the conclusions reached by the Committee. The annex to the present report contains a list of documents submitted to the Committee at its current session.

12. The conclusions adopted by the Committee as reported below are brought to the attention of the Board at its fifteenth session.

I. REVIEW OF THE IMPLEMENTATION OF THE PROGRAMME AND BUDGETS, 1996-1997; UPDATE OF THE FINANCIAL SITUATION OF UNIDO; CEILING OF ASSESSMENTS

13. The Committee decided to discuss simultaneously agenda item 4 (Review of the implementation of the programme and budgets, 1996-1997), item 5 (Update of the financial situation of UNIDO) and item 6 (Ceiling of assessments).

A. Review of the implementation of the programme and budgets, 1996-1997

14. On 6 May, the Committee considered a report submitted by the Director-General on the review of the implementation of the programme and budgets, 1 January to 31 March 1996 (IDB.15/5-PBC/AS.3/5). The Committee also had before it a report by the Director-General on the composition of the Secretariat (IDB.15/4-PBC/AS.3/4, chap. II).

15. On 8 May, after consideration of a draft conclusion on the *review of the implementation of the programme and budgets, 1996-1997*, submitted by the Chairman (PBC/AS.3/L.4), the Committee adopted conclusion 1996/1.

Conclusion 1996/1

The Programme and Budget Committee recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board, having reviewed the implementation of the programme and budgets, 1996-1997, as presented in documents IDB/S.6/2-PBC/AS.2/2 and IDB.15/5-PBC/AS.3/5:

"(a) Takes note of the intention of the Director-General to review the format of the programme and budget documents to increase their transparency and enhance the understanding of their programmatic implications, and requests the Director-General to bear in mind the need for:

(i) Reflecting thematic priorities in the programme and budgets;

(ii) Ensuring a coherent presentation of objectives, activities/outputs and resources;

(iii) Indicating relevant changes in programmatic contents and the resource levels proposed, enabling comparison over bienniums;

"(b) Requests the Director-General to organize informal inter-sessional consultations with delegations, under the guidance of the Chairman of the Programme and Budget Committee, with a view to conducting an in-depth examination of the programmatic contents of the revised programme and budgets for the biennium 1996-1997;

"(c) Takes note of the adjustments to the programme and budgets for 1996-1997 contained in document IDB.15/5 on an exceptional basis, in light of the present provisions of the financial regulations relating to the review of the budget;

"(d) Decides to review the provisions of financial regulations relating to the budgeting process with a view to assuring the necessary flexibility, by recommending, when necessary, to the General Conference the amendment of those provisions in order to facilitate the adoption of revised estimates and adjustments of approved budgets between regular sessions of the Conference as well as to ensure adequate budgetary control on the transfer of appropriations among Major Programmes."

B. Update of the financial situation of UNIDO

16. On 6 May, the Committee considered a report submitted by the Director-General containing an update of the financial situation of UNIDO (IDB.15/3-PBC/AS.3/3) and a conference room paper containing an update thereto (PBC/AS.3/CRP.1).

17. On 8 May, after consideration of a draft conclusion on the *update of the financial situation of UNIDO* submitted by the Chairman (PBC/AS.3/L.2), the Committee adopted conclusion 1996/2.

Conclusion 1996/2

The Programme and Budget Committee recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Takes note of the report of the Director-General on the financial situation of UNIDO (PBC/AS.3/3-IDB.15/3) containing information concerning the status of assessed contributions, advances to the Working Capital Fund, cash flow estimates and information on the regular and operational budgets;

"(b) Takes note of the information contained in chapter II of document PBC/AS.3/3-IDB.15/3 on accountability and transparency on financial matters, the separation indemnity reserve and on promissory notes relating to Montreal Protocol funds;

"(c) Requests the Director-General, before taking a decision on promissory notes, to inform Member States in more detail and consult with them;

"(d) Decides to continue the work of the inter-sessional open-ended discussion group, open to all interested delegations, to be chaired by a representative of the Member States, with the task of studying applicable measures, including incentives, to expedite the timely payment of assessed contributions, and requests the group to submit proposals to the Board at its sixteenth session;

"(e) Urges those Member States that have not yet paid their assessed regular budget contributions, including advances to the Working Capital Fund, for the bienniums 1986-1987 to 1994-1995 and for 1996, to do so without delay."

18. On 8 May, after consideration of a draft conclusion on *streamlining 1996 policy-making organs sessions* submitted by the Chairman (PBC/AS.3/L.5), the Committee adopted conclusion 1996/3.

Conclusion 1996/3

The Programme and Budget Committee:

(a) Took note of the approach by UNIDO to reform its procedures;

(b) Took into account the need to streamline further the activities of the Organization;

(c) Decided to postpone its twelfth session, originally scheduled for 2 to 6 September 1996, to 18 to 20 November 1996, without prejudice to financial regulation 3.6;

(d) Recommended to the Industrial Development Board at its fifteenth session to hold its sixteenth session from 20 to 22 November 1996.

C. Ceiling of assessments

19. On 6 May, the Committee considered a report prepared by the Secretariat containing background information on the ceiling of assessments (IDB.15/2-PBC/AS.3/2).

20. On 8 May, after consideration of a draft conclusion on the *ceiling of assessments* submitted by the Chairman (PBC/AS.3/L.3), the Committee adopted conclusion 1996/4.

Conclusion 1996/4

The Programme and Budget Committee:

(a) Considered the background information on the ceiling of assessments contained in document PBC/AS.3/2-IDB.15/2;

(b) Bore in mind that it would be appropriate to have a recommendation on the issue of the ceiling of assessments for the approval of the General Conference at its seventh session in the light of the outcome of the relevant discussions pertaining to the United Nations scale of assessments;

(c) Recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(i) Recalls General Assembly resolution 49/143 establishing the High-level Open-ended Working Group on the Financial Situation of the United Nations;

"(ii) Recalls Article 15.2 of the UNIDO Constitution;

"(iii) Recalls further General Conference decision GC.6/Dec.11, paragraph (h), on the review of the relevance of the 25 per cent ceiling of assessments;

"(iv) Has considered the background information on the ceiling of assessments reflected in document IDB.15/2 as well as conclusion 1996/4 of the Programme and Budget Committee;

"(v) Notes that the scale of assessments shall be based to the extent possible on the scale most recently employed by the United Nations;

"(vi) Requests the Director-General to monitor closely developments in the United Nations dealing with the scale of assessments;

"(vii) Also requests the Director-General to update the background information on the ceiling of assessments (IDB.15/2) with respect to new developments in the United Nations;

"(viii) Decides to revert to this matter at future sessions of the Board."

II. ADOPTION OF THE REPORT AND CLOSURE OF THE THIRD ADDITIONAL SESSION

21. The Committee entrusted the Rapporteur with the task of finalizing the report. On 8 May, at 10.30 a.m., the Committee closed its third additional session.

Annex

DOCUMENTS SUBMITTED TO THE PROGRAMME AND BUDGET COMMITTEE AT ITS THIRD ADDITIONAL SESSION

Symbol	Agenda item	Title
PBC/AS.3/1 and Add.1	3	Provisional agenda
PBC/AS.3/2-IDB.15/2	6	Ceiling of assessments. Background information on the ceiling of assessments. Prepared by the Secretariat
PBC/AS.3/3-IDB.15/3	5	Update of the financial situation of UNIDO. Report by the Director-General
PBC/AS.3/4-IDB.15/4	4	Personnel matters. Report by the Director-General
PBC/AS.3/5-IDB.15/5	4	Review of the implementation of the programme and budgets, 1996-1997. Implementation of the programme and budgets, 1 January to 31 March 1996. Report by the Director-General
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PBC/AS.3/CRP.1-IDB.15/CRP.6	5	Update of the financial situation of UNIDO. Update of document IDB.15/3-PBC/AS.3/3. Note by the Secretariat
PBC/AS.3/CRP.2	-	List of participants